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COMMERCE FOR KBURRESS
ENERGY FOR PERSON, GAY
TREASURY FOR DPETERS, RHALL, RABDULRAZAK
STATE PASS USTR FOR LISER, AGAMA
STATE PASS TRANSPORTATION FOR KSAMPLE
STATE PASS OPIC FOR ZHAN, MSTUCKART, JEDWARDS
STATE PASS TDA FOR EEBONG, DSHUSTER
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SUBJECT: NIGERIA: OGUN STATE GOVERNMENT DEVELOPS TRANSPORTATION PROPOSALS

REF: 07LAGOS 794

[1](#)1. (U) Summary: Ogun State's proposed transportation infrastructure comprising road, rail, sea and air will help manage the steady growth in population and economy stemming from its proximity to Lagos. In collaboration with private sector, the government plans to build an extensive road and rail network that will link the state to eastern and northern Nigeria. An agro cargo airport that will back up the Lagos airports is also in the offing. End summary.

Ogun Plans Integrated Transport System

[1](#)2. (U) The Ogun State government outlined plans for an integrated transportation system at its third Economic and Investment Summit (Ref). The proposed transportation infrastructure comprising road, rail, sea and air, will redefine Ogun as a metropolitan state, when completed. Governor Gbenga Daniel said the state's proximity to Lagos created transportation challenge for Ogun State residents. As Lagos's population grew, poor households migrated to Ogun and commuted longer distances to work, spending 20-30 percent of monthly income on transportation, he said.

Road Network Links State to the East

[1](#)3. (U) Extensive road network will link Ogun to east via Edo State. Femi Egbeoluwa, Ogun State Bureau of Transportation Executive, said the government will not directly operate the proposed public transport system, but has developed regulatory regimes and strengthened regulatory capacity to encourage private-sector led growth in the sector. The proposed road network, expected to drive government's innovative industrial activities in different parts of the state, will be constructed by investors through Public-Private Partnership (PPP) initiatives.

[1](#)4. (U) Among roads to improve access is an East-West road that will link the state to the east, and the Sagamu-Lagos Expressway, which will be upgraded to a four-lane dual highway, to ease traffic into Lagos. Egbeoluwa said investors may toll these roads to recover

their costs. He stated that the payback analyses are promising as a pilot run on Sagamu-Abeokuta road showed that 44,062 vehicles were recorded in a week which would yield a net return of USD 800,000 in annual revenue. With this, he predicted investors can breakeven within 6 years.

Private Participation in Rail Projects Encouraged

15. (U) The state plans to develop rail mass transit systems, such as light rail transit (LRT) on standard gauge, monorail transit and suburban rail transit. A 43 kilometer (km) LRT from Iddo to Ifo, is planned to move between 2,000 to 36,000 passengers per hour per direction. The LRT, which will serve the Kajola Specialized FTZ, is estimated to cost USD 344 million. While the 12km monorail, suitable for the Ogun Guangdong FTZ, because it uses only one rail will cost USD 25 million.

16. (U) The Suburban Rail Transit, using the existing 48 km Nigeria Railway Corporation (NRC) facilities from Iddo station to Ifo town, will cost USD 155 million to upgrade. The 21 Diesel Multiple Units with 140 coaches with capacity for 12,000 passengers per hour per direction at peak periods, (that is 10 minutes between trains), will transport an estimated 500,000 passengers daily, Egbeoluwa said. The government proposes that the suburban rail system would be a joint venture between the NRC, Ogun State Government and private investors.

Ogun Airport: Back Up for Lagos MMA

17. (U) Ogun plans to build an Agro-Cargo Airport as back up for the Murtala Muhammed Airport (MMA) in Lagos. MMA cargo traffic volume

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accounted for 95 percent of all air freight movements in Nigeria in 2005, Egbeoluwa said. The need for a relief airport in Ogun State is justified increasing in air cargo movement and the fact that MMA has reached about 93 percent of its installed capacity, he said. Besides, land constraints in Lagos and steady growth in Ogun State population and economy have increased the need to transport people and goods by air. Sanusi Daggash, Minister of National Planning agreed that the MMA, built in 1978 can no longer meet Nigeria's needs as a flagship airport and at least two more airports must be built to augment it, he claimed.

18. (U) The airport, though a government initiative, will be established as a commercially viable private sector driven project. It is being planned, designed and developed in partnership with Dar Al-Handasah, a foreign consulting firm. Martez El-Edin, a Dar Al-Handasah consultant noted that there is presently no dedicated cargo handling airport in West Africa. The airport will also provide cold storage facilities for imports and exports, which are currently limited at the MMA.

19. (U) According to El-Edin, the first phase of the project will have an international passenger terminal with two aprons for passengers and cargo, check-in counters and four passport control points each in the departure and arrival halls. The airport, which is only two minutes airtime from both Lagos airports, will have an airstrip for light to medium cargo and commercial air traffic, and an aircraft maintenance center to cater for Nigerian and West African commercial air fleet. Other facilities at the airport will include a control tower, warehousing and cargo depot, petroleum product depot, a fire station and a regional light rail hub that will link the airport to the national rail network.

110. (U) Participants at the conference raised concerns about the viability of the airport particularly when most cargo flights to Nigeria depart empty. Aviation experts noted that cargo flights to Nigeria cost more than they do to other destinations because of this, and they urged the Ogun State government to ensure that agro processing and other export industries produce internationally acceptable products for cargo flights to take back.

Deepwater Port to Receive Bigger Vessels than Lagos

¶11. (U) A new 20km shoreline deepwater port will be located at Olokola to serve the proposed Ogun/Ondo OK FTZ and OKLNG projects (see Septel). Egbeoluwa said about 50-60 million tons of cargo are shipped through deep seaports in Nigeria annually, and the Olokola port will be able to receive ships with between 11 and 16 meters drafts which are currently unable to berth at the Lagos ports.

Blair